



**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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May 20, 2008

TO: Supervisor Yvonne B. Burke, Chair
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: Wendy L. Watanabe *Wendy Watanabe*
Acting Auditor-Controller

SUBJECT: **UAW - LABOR EMPLOYMENT AND TRAINING CORPORATION
CONTRACT – A COMMUNITY AND SENIOR SERVICES WORKFORCE
INVESTMENT ACT PROGRAM PROVIDER**

We have conducted a program, fiscal and administrative contract review of UAW - Labor Employment and Training Corporation (UAW-LETC or Agency), a Community and Senior Services (CSS) Workforce Investment Act (WIA) Program provider.

Background

CSS contracts with UAW-LETC, a non-profit public benefit corporation to provide and operate the WIA Adult Special Needs Program. The WIA Adult Special Needs Program is a comprehensive training and employment program to assist low income adults with multiple barriers including substantial language, cultural, offenders, homeless individuals and/or other hard-to-serve populations as defined by the Governor to obtain employment, retain their jobs and increase their earnings. The types of services provided by UAW-LETC include career planning, occupational skills, training and job placement. UAW-LETC's office serves participants residing in the First and Second Districts.

UAW-LETC is compensated on a cost reimbursement basis and has a contract for \$53,506 for Fiscal Year (FY) 2007-08.

Purpose/Methodology

The purpose of the review was to determine whether UAW-LETC complied with its contract terms and appropriately accounted for and spent WIA funds in providing services outlined in their County contract. We also evaluated the adequacy of the Agency's accounting records, internal controls and compliance with federal, State and County guidelines. In addition, we interviewed a number of the Agency's staff and clients.

Results of Review

Overall, UAW-LETC provided the required program services to eligible program participants and maintained sufficient controls over its business operations. In addition, the Agency's expenditures were allowable, properly documented and accurately billed. However, UAW-LETC did not meet all their planned performance measures. Specifically, UAW-LETC planned that two participants would successfully complete the required training by the end of the second quarter during FY 2007-08. However, only one (50%) program participant completed the training.

Details of our review, along with recommendations for corrective action, are attached.

Review of Report

We discussed our report with UAW-LETC on May 1, 2008. In their attached response, UAW-LETC concurred with our findings and recommendations.

We thank UAW-LETC for their cooperation and assistance during this review. Please call me if you have any questions, or your staff may contact Don Chadwick at (626) 293-1102.

WLW:MMO:DC

Attachment

- c: William T Fujioka, Chief Executive Officer
Cynthia Banks, Director, Department of Community and Senior Services
Robert Nelson, President and Chief Executive Officer, UAW-Labor Employment and Training Corporation
Becky Sanchez, Chairperson, UAW-Labor Employment and Training Corporation
Public Information Office
Audit Committee

**WORKFORCE INVESTMENT ACT PROGRAM
UAW - LABOR EMPLOYMENT AND TRAINING CORPORATION
FISCAL YEAR 2007-08**

ELIGIBILITY

Objective

Determine whether UAW - Labor Employment and Training Corporation (UAW-LETC or Agency) provided services to individuals that meet the eligibility requirements of the Workforce Investment Act (WIA).

Verification

We reviewed the case files for the eight (100%) program participants that received services between July 2007 and March 2008 for documentation to confirm their eligibility for WIA services.

Results

All eight participants met the eligibility requirements for the WIA program.

Recommendation

There are no recommendations for this section.

BILLED SERVICES/CLIENT VERIFICATION

Objective

Determine whether UAW-LETC provided the services in accordance with the County contract and WIA guidelines. In addition, determine whether the program participants received the billed services.

Verification

We reviewed the documentation contained in the case files for the eight (100%) participants that received services from July 2007 through March 2008. We also interviewed one program participant.

Results

The one program participant interviewed stated that the services he received met his expectations. In addition, UAW-LETC provided the services in accordance with the County contract and WIA guidelines.

Recommendation

There are no recommendations for this section.

PERFORMANCE OUTCOMES**Objective**

Determine whether the Agency met the planned performance measures as outlined in the County contract and accurately reported the performance outcomes to the Workforce Investment Board (WIB).

Verification

We compared the reported Fiscal Year (FY) 2007-08 actual performance outcomes for the second quarter to the planned performance measures outlined in the County contract and the program activities reported on the Job Training Automation (JTA) system. The JTA system is used by the State of California Employment Development Department and the Department of Labor to track WIA participants' activities. We also reviewed the documentation contained in the case files for two participants reported as completed training, exited the program and/or gained employment during the first two quarters of FY 2007-08.

Results

Generally, UAW-LETC's FY 2007-08 actual performance outcomes were accurately reported to the WIB and the case files contained documentation to support the program activities reported on the JTA system. However, UAW-LETC did not meet all their performance measures outlined in the County contract. Specifically, UAW-LETC planned that two participants would successfully complete the training by the end of the second quarter during FY 2007-08. However, only one (50%) program participant completed the training.

Recommendation

1. UAW-LETC management ensure that performance measures outlined in the County contract are met.

CASH/REVENUE**Objective**

Determine whether cash receipts and revenue are properly recorded in the Agency's records and deposited timely in their bank account. In addition, determine whether there are adequate controls over cash, petty cash and other liquid assets.

Verification

We interviewed Agency personnel and reviewed financial records. We also reviewed the Agency's February 2008 bank reconciliation.

Results

UAW-LETC maintained adequate controls to ensure that revenue was properly recorded and deposited in a timely manner

Recommendation

There are no recommendations for this section.

EXPENDITURES/PROCUREMENT**Objective**

Determine whether the program related expenditures are allowable under the County contract, properly documented and accurately billed.

Verification

We interviewed Agency personnel, reviewed financial records and reviewed documentation to support six non-payroll expenditure transactions billed by the Agency for October 2007 and February 2008, totaling \$1,908.

Results

UAW-LETC expenditures were allowable, accurately billed and supported by documentation as required.

Recommendation

There are no recommendations for this section.

ADMINISTRATIVE CONTROLS/CONTRACT COMPLIANCE**Objective**

Determine whether the contractor maintained sufficient controls over its business operations. In addition, determine whether the Agency is in compliance with other program and administrative requirements.

Verification

We interviewed Agency personnel, reviewed their policies and procedures manuals, conducted an on-site visit and tested transactions in various non-cash areas such as expenditures, payroll and personnel.

Results

UAW-LETC maintained sufficient controls over its business operations and complied with other program and administrative requirements.

Recommendation

There are no recommendations for this section.

FIXED ASSETS AND EQUIPMENT**Objective**

Determine whether UAW-LETC's fixed assets and equipment purchases made with WIA funds are used for the WIA program and are safeguarded.

We did not perform test work in this section as UAW-LETC did not use WIA funds to purchase fixed assets or equipment.

PAYROLL AND PERSONNEL**Objective**

Determine whether payroll expenditures were appropriately charged to the WIA program. In addition, determine whether personnel files are maintained as required.

Verification

We traced payroll expenditures invoiced for one employee totaling \$4,266 for October 2007 to the Agency's payroll records and time reports. We also interviewed the employee and reviewed the personnel file for the employee assigned to the WIA program.

Results

UAW-LETC appropriately charged payroll expenditures to the WIA program and the personnel file reviewed was properly maintained.

Recommendation

There are no recommendations for this section.

COST ALLOCATION PLAN**Objective**

Determine whether UAW-LETC's Cost Allocation Plan was prepared in compliance with the County contract and the Agency used the plan to appropriately allocate shared program expenditures.

Verification

We reviewed UAW-LETC's Cost Allocation Plan and reviewed a sample of expenditures incurred by the Agency in October 2007 and February 2008 to ensure that the expenditures were properly allocated to the Agency's programs.

Results

UAW-LETC's Cost Allocation Plan was prepared in compliance with the County contract and costs were appropriately allocated.

Recommendation

There are no recommendations for this section.

CLOSE-OUT REVIEW**Objective**

Determine whether the Agency's Fiscal Year (FY) 2006-07 final close-out invoice was reconciled to the Agency's financial accounting records.

Verification

We traced the Agency's FY 2006-07 general ledger to the Agency's final close-out invoice for FY 2006-07. We also reviewed a sample of expenditures incurred in June 2007.

Results

UAW-LETC's final close-out invoice reconciled to the Agency's financial records.

Recommendation

There are no recommendations for this section.

PRIOR YEAR FOLLOW-UP

Objective

Determine the status of the recommendations reported in the prior monitoring review completed by the Auditor-Controller.

Verification


We verified whether the outstanding recommendations from Fiscal Year 2006-07 monitoring review were implemented. The report was issued on December 27, 2007

Results

The prior year's monitoring report contained four recommendations. UAW-LETC implemented all four recommendations.

Recommendation

There are no recommendations for this section.

	UAW LABOR EMPLOYMENT and TRAINING CORPORATION
A TOTAL JOB DEVELOPMENT AND TRAINING SYSTEM	
May 8, 2008	
Yoon Bae, CPA Principal Accountant-Auditor Department of Auditor-Controller Countywide Contract Monitoring Division 1000 S. Fremont Avenue, Unit # 51 Bldg A-9 East, First Floor Alhambra, CA 91803	
Subject: UAW-Labor Employment and Training Corporation Contract (UAW-LETC) – Workforce Investment Act Adult Special Needs Program –Response to Contract Review	
The purpose of this correspondence is to submit a written response to the draft report of UAW-LETC contract for Fiscal Year 2007-08. The purpose of the review was to conduct a program, fiscal and administrative contract review of UAW-LETC'S program was operated and administered in accordance with federal, State and Los Angeles County guidelines.	
As such, UAW-LETC'S responses to the noted elements of your review are provided to further document our agency's internal controls and compliance with all contractual requirements.	
PERFORMANCE OUTCOMES	
Review Result	
<ul style="list-style-type: none">• Generally, UAW-LETC's FY 2007-08 actual performance outcomes were accurately reported to the WIB and the case files contained documentation to support the program activities reported on the JTA system. However, UAW-LETC did not meet all their performance measures outlined in the County contract. Specifically, UAW-LETC planned that two participants would successfully complete the training by the end of the second quarter during FY 2007-08. However, only one (50%) program participant completed the training.	
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- **Recommendation:**

UAW-LETC management ensure that performance measures outlined in the County contract are met.

- **UAW-LETC Response**

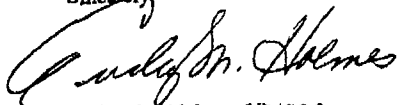
UAW-LETC agrees with this finding. While staff did achieve the appropriate number of participants into training, (1) participant dropped out prior to completion of training prior to the end of the second quarter. As such, we were unable to meet this performance measure.

Program staff has implemented additional enrollment activity to ensure attainment of the participant training completion measure by the end of the fourth quarter, June 30, 2008.

The written responses included in this summary, supports our agency's commitment to comply with all federal, State and/or Los Angeles County agency regulatory requirements. As such, we've addressed the recommendation resulting from the program, fiscal and administrative contract monitoring review.

If you have any questions or require additional information, please feel free to contact Audrey M. Holmes, VP/COO, email: audreym@letc.com and (562) 989-7700.

Sincerely,



Audrey M. Holmes, VP/COO
UAW-LETC

Cc: Robert Nelson, President/CEO
UAW-LETC